

## ASN SPI Meeting Minutes (25 Feb 98)

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The ASN SPI meeting was held on February 25, 1998 at Crystal Plaza 5, Room 536. Attachment (a) is the meeting agenda, Attachment (b) is the attendees list. The following is a record of the meeting's salient discussions:

Mr. Mike Sherman of TASC briefed the group on an SPI database (that TASC is developing) that could be used by the Navy to track its SYSCOM's SPI activity. The briefing was accompanied by a demonstration and discussion of the program's capabilities. While most agreed that the program would be useful in tracking and coordination of SYSCOM SPI activity, funding for the program may not be readily available to support the effort.

Mr. Sherman is scheduled to brief DCMC's Block Change Management Team (BCMT) next to see if there is other service interest. This may lead to discussions regarding options for funding the program. It was suggested by a former member of DCMC that DCMC may be able to fund a portion of the start-up cost if there is buy-in on the program from the other services.

### **SYSCOM Activity Brief Notes:**

**NAVAIR** again reported that the DCMC SPI database still does not accurately reflect the status of its SPI activity (another example of how use of an internal (Navy) SPI data collection program would benefit our SYSCOMs). NAVAIR reported that it has closed out many long standing (overage) CPs and that it continues to work towards resolution of other high visibility approval issues. NAVAIR also informed ASN that they are continuing to market SPI to participating contractors as well as non-participating customers. It was further reported that NAVAIR's SPI workload (activity) has continued to increase (currently 20 m/y), but that management concerns are surfacing regarding the lack of monetary return by comparison to the command's investment in manpower and resources.

**NAVSEA** reported that they still have good participation in SPI from its customers, but indicated that more work is needed to effectively process SUPSHIP SPIs. More effort is planned by NAVSEA to improve SUPSHIP SPI coordination. NAVSEA also expressed management concerns similar to those of NAVAIR's regarding their resource investment / return ratio for its SPI efforts.

**MARCORSYSCOM** reported steady participation in SPI with no major issues / concerns to disclose.

**NAVSUP / NAVICP** again voiced concerns that concept papers are not providing enough technical information for them to properly assess risk/merit for the government. NAVICP reported that CPs are regularly referred to them for review by ACOs without proper disclosure of all contractor sites that are affected by the SPI. This continually causes additional work and delays until the required information is provided. In addition to this, it was mentioned that the DLA SPI database is in need of updating.

**400SC/AP** provided some SPI activity metrics and reported no major issues / concerns with their overall SPI activity.

**PEO(TAD)** expressed concerns over incidences of "no brainer" mentality by many participants in management council settings. It was inferred during the discussion that when participants act

without “proper” knowledge / expertise of the pertinent technical issues and associated repercussions, the decision making process is deficient at best.

SSP reported steady activity in SPI and provided ASN with a terse (hard copy) metrics brief for file. SSP deferred discussion of its SPI issues / concerns until the discussion topics were introduced.

### **Discussion Topics**

- Syd Pope (DCMC) addressed the revised verbiage of 5000.2-R with the group. Group concerns were voiced regarding a perceived increase in their CTL responsibilities / workload if 5000.2-R is invoked. Specifically, group members expressed that they have neither the resources nor the time to participate in management council IPTs that are convened for issues unrelated to SPI. While it was generally agreed that there would be certain “related” management council issues (other than SPI) that would be appropriate for CTL participation, their (CTLs) participation should generally be limited to the SPI duties assigned by ASN. Additional discussion focused on the current practice (by ACOs ) which assumes that SPI CTLs are accountable for “all” management council functions. ASN supports a cooperative effort regarding the 5000.2-R management council philosophy, but insists that SPI CTLs should not be held accountable for non-SPI related council meetings. For issues unrelated to SPI, ASN supports designation of more appropriate representatives from program offices. Final thoughts on this issue focused on the need to inform ACOs of the Navy’s policy regarding this matter.
- The rationale regarding ASN resolution of RES #38 was discussed with the group to clarify ASN’s position on the matter. ASN reviewed Navy objections, spoke with RES reps, and reviewed RES ECP classification error data with DCMC prior to ruling on the issue. ASN determined that the proposed method was not radically different from the current method of processing ECPs. It was also determined that the risks associated with the proposed methods were acceptable, especially in light of the contractors ability (past performance) to accurately determine classifications, and its agreement to bear the cost of any classification mistakes. The benefits to this approval would be a streamlined ECP approval process, faster turnaround, and reduced manpower associated with reviewing routine ECP approvals. It was emphasized that a major factor in the decision process was support of the basic tenet of SPI implementation - *Managing vs. Eliminating risk*.

The group offered the following constructive criticisms regarding ASN’s position;

1. Insist that DCMC perform regular checks to ensure RES is accurately identifying and processing ECPs.
  2. Insist that RES has accepted “all” terms (via signed letter) of the ASN response to include total responsibility for “all” costs associated with misclassifications
- Commercialization / SPI discussion was initiated by Mr. Steve Brandt (NAVICP) which focused on issues relating to procurement of commercial items. It was discussed that from a spare parts procurement aspect, increased (unacceptable?) risk is inevitable when converting from mil-spec’d /level III drawing requirements to commercial based equivalents. Issues related to form, fit, and function, to environmental requirements can be routinely jeopardized in moving completely away from any form of government oversight. Many contractors are

moving in this direction—and at what cost to the government?? This issue needs to be explored more thoroughly in light of the latest FAR definitions regarding commercial items and associated government procurement practices. It will be presented to the BCMT for discussion at the next meeting (3/10/98).

- Final discussion focused on the verbiage of the 30 Apr 97 Longumare ltr which addresses the requirement to accept previously approved SPIs on new contracts. It was determined during the discussion that there is no clear policy on how to utilize the waiver authority that is authorized by the 30 Apr 97 ltr. What “specific” steps should be taken to avoid protest / litigation if the decision is made not to accept the SPIs associated with the solicitation?

### **ACTION ITEMS**

- ASN (through PEO/SC) to coordinate response from RES regarding formal acceptance of RES #38 approval conditions
- ASN to coordinate (through DCMC) monitoring of RES #38 ECP classifications
- ASN to coordinate Commercial Item discussion (featuring S. Brandt) at 3/10/98 BCTM
- ASN to investigate and publish specific steps required to utilize waiver authority as specified in 30 Apr 97 Longumare ltr.

# DON SPI MEETING AGENDA

*February 25, 1998; 0830*

*Crystal Plaza 5, Rm. 536*

*Crystal City, VA*

**Meeting POC: Mr. Victor Jordan - 703.602.2369**

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- Opening Comments:** Captain Lou Morris (*ASN SPI leadership changes*)
- Software Demo:** SPI Data collection software demonstration / Q&A  
(Mike Sherman / Roger Romack (TASC))
- SPI Activity Briefs:** NAVAIR  
NAVSEA  
MARCOR  
NAVSUP  
NAVICP  
SPAWAR  
PEO SC/AP  
PEO(TAD)  
PEO(USW)  
SSP
- Discussion Topics:** Ramifications of change 3 to DOD 5000.2-R (para 5.9)  
regarding contractor management councils.  
(**Marc Pearlman / SSP**)
- Review RES #38 decision regarding ECP concept paper  
(**Marc Pearlman / SSP**)
- Commercialization / SPI - Is the SPI time window really  
adequate for a proper study. (**Steve Brandt / NAVICP**)
- Mr. Longuemare letter Apr 30 1997 "Single Process  
Initiative and New Contracts" DFAR 211.273-3(a).  
(**Steve Brandt / NAVICP**)
- Open Forum:** SPI questions, comments, concerns, suggestions
- Adjourn:** Review meeting actions/schedule next meeting

Attachment

(a)

## Attendees

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Capt Lou Morris	ASN (ARO)	703.602.2123
Marc Pearlman	SSP	703.607.3441
Sal Clementi	MARCORSYSCOM	703.784.4532
Jackie Mercer	NAVAIR	301.757.6635
Nicholas Ferrite	SSP (support)	301.946.5576
Harold Hanson	NAVSEA	703.602.7701x 602
Victor Jordan	(ARO) (support)	703.602.2369
Bonnie Brown	NAVSUP	717.790.4166
Dave Yauger	PEO(TAD)	703.602.0382x131
Fernando Omega	PEO SC	703.602.0479x537
Harold Stambaugh	NAVICP	215.697.0799
Steve Brandt	NAVICP	215.697.2058
Mike Sherman	TASC	703.358.9090
Steve Latsis	TASC (consultant)	703.358.9090
Sydney Pope	DCMC	703.767.3380
David Asiello	CNO 451	703.602.5334
Al Nainoa	PEO(USW)	703.604.5070x210
John Lussier	PEO(MIW)T	703.602.9810x105
Gray Hobby	DSI	703.684.4060

Attachment (b)